



EDBS/KH/64/2013  
4<sup>th</sup> April 2013

**Chief Executive Officer**  
All banks  
All Audit Firms  
Manama  
Kingdom of Bahrain

Dear Sir,

**Consultation –Proposed Directive on Internal Audit Function in Banks**

In line with the Basel Committee's recent paper issued in June 2012 on internal audit, the Central Bank of Bahrain is issuing for consultation a proposed directive on internal audit function as an enhancement to current regulatory requirements.

The Basel paper is built around 20 Principles which take into account developments in supervisory practices in banking organisations and incorporates lessons drawn from the recent financial crisis. It also details the responsibilities of a bank's Audit Committee.

This document also encourages banks' internal auditors to comply with and to contribute to the development of national and international professional standards and it promotes due consideration of prudential issues in the development of internal audit standards and practices.

The consultation document shall be available on the CBB website ([www.cbb.gov.bh](http://www.cbb.gov.bh)) in the consultations section following the issuance of this circular.

The CBB requests all banks and audit firms to provide their comments, including 'Nil comments' on this consultation document by 5<sup>th</sup> May 2013. Please submit your comments electronically to Mr. Ahmed Al Bassam, Director of Licensing & Policy and Mrs. Ebtisam Al Arrayed, Head of Policy & Central Risk at [consultation@cbb.gov.bh](mailto:consultation@cbb.gov.bh).

Thank you for your continued cooperation.

Yours sincerely,

  
Khalid Hamad